

Transmission Business Line Business Practices Technical Forums December 11, 2002

Meeting synopsis and notes

Meeting opened at 12:00 p.m., Clark County Public Utility District Auditorium (See meeting announcement at

<http://www2.transmission.bpa.gov/business/techforum/cover%20letter.pdf>.)

Purpose

Resolve technical issues and concerns about business practices and systems as identified during the Bonneville Power Administration Transmission Business Line (TBL) rate case settlement process. Generally, those issues as the TBL understood them prior to the forum meeting include operating reserves, real power losses, curtailments and scheduling practices.

Meeting Synopsis

The Business Processes Technical Forum participants at their first meeting Dec. 11, 2002 agreed to address five issues through September 2003. They are:

- Operating reserves
- Real Power losses
- Wind scheduling
- Scheduling (non-wind)
- Curtailments

Participants and/or their technical experts will attend kick off sub-group meetings for each issue of concern to their company. It is important that technical experts, many of who were not at the Dec. 11 forum meeting, attend the sub-group meetings. Those meetings will occur prior to the next forum meeting in early February and each sub-group will report back to the larger forum. TBL will make the arrangements for each of the first sub-group meetings and will notify current and potential participants of the time and place. It will also arrange telephone conferencing at each meeting if attendees need it. Forum participants are encouraged to ensure their technical experts attend sub-group meetings.

TBL has set up a web site it will use as its primary means to communicate with forum participants. The web address is <http://www2.transmission.bpa.gov/business/techforum.cfm>. It will use postings to the web site, e-mail and e-mail exploders as its primary means for communicating with participants.

The TBL committed to status reports every two weeks to update participants of the status of issues and the lead person on each issue. All forum meetings will be documented. Within one week from the meeting, TBL will post draft meeting notes to the web site. They will become final only after participant review. This is important to ensure the issues and examples of issues are clear to all participants at all times.

TBL invites participants to send comments to Mike McFarland, Cathy Ehli or Linda Harris-Proctor of the TBL (see contact information below). For this and all meetings, TBL encourages participants with complex issues to write out those issues and send them to TBL so they are accurately documented. Comments and explanations will be posted to the web site.

Introductory remarks

Jane Selby, TBL Internal Operations Manager: I'd like to thank Clark PUD for allowing us to use this facility.

We want to hear from you about some issues that were identified in the TBL rate case settlement. We look forward to learning from you as we look for a common approach to solutions. We're committed to look at new approaches to meet Bonneville's and your needs.

To do that, we committed in the rate case settlement to host a minimum of three meetings between November 2002 and September 2003 to discuss TBL business practices and the systems we use to implement our open access tariff. Today's meeting is not one of those three forums, but is instead an overview of issues and it will help us organize following meetings. TBL will coordinate those meetings. Among other things we address in those meetings, we will decide what is feasible to make system changes and we will show you how we develop our decision. (See technical forum "Principles" at <http://www2.transmission.bpa.gov/business/techforum/techforum%20principles.pdf>.)

We will start and end on time, document meetings (including recommendations and results), treat all with respect, communicate as openly as possible, ensure that participants come prepared and have the appropriate technical people present and focus on the primary issues. In addition, we encourage you to use as much specificity as possible -- to give us specific examples of your issues. If needed, we will use breakout groups made up of technical experts to address individual issues. (See technical forum "Norms" at <http://www2.transmission.bpa.gov/business/techforum/techforum%20norms.pdf>.)

Our initial focus is on the settlement issues, but we will take other issues here today. It is important that we focus on the issues and your needs. The more general the discussion, the more difficult. Providing examples and solutions will be helpful. Notices and documents will be posted in advance. Ex parte is in effect. Let us know if we "hit the mark." We can make continual adjustments.

Carol Opatrny, PowerEx -- What do you mean by ex parte?

Mike McFarland, TBL: You are correct that this is not a rates activity. We want to make clear that we are not dealing in this workshop with issues of the rate case process.

Dennis Metcalf, TBL: Ex parte to the 2004 rate case is in effect. If we come to a point where the only solution is to discuss rates or tariff, that is inappropriate.

Selby: Our decision criteria are: solutions have to be consistent with our tariff and they have to meet industry standards. If a decision requires a system modification, we will consider it. There may be a question of who bears the cost for the modification.

John White, Snohomish PUD: As a Bonneville customer, we're concerned that we won't be part of the decision.

Selby: This forum is a part of the decision process. We can add a bullet to our decision criteria to make sure of that.

Our point people, the people you should contact with questions and comments are:

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Cathy Ehli
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Logistics

McFarland: I apologize for the short notice of this meeting. For all meetings, we will keep a record and post those notes to the Business Practices Forum web site on the Internet. Please let us know if you see something in the notes that misrepresents what you said.

These are your meetings. You will identify issues and find ways to meet your needs.

It's not our intent to get into detailed discussions today. The main reason we're here is to listen to what you have to say and to be sure we understand the issues you identified in the rate case. Once we understand and lay out the issues, we'll determine what issue to take up first and spend the entire day at our next meeting on that topic.

Opatrny: Perhaps we could run some workshops simultaneously -- different talent/different knowledge? We only have nine short months to get all this done.

McFarland: Yes. Some issues are complicated. An example would be the operating reserve issue. There are a number of sub-questions we could take up in parallel. We say in the settlement agreement that we'll have three meetings. However, we could anticipate more: maybe some smaller meetings to work through some issues.

White: Do you see a tie with this and cataloging transmission rights?

McFarland: That's in context of the RTO. We will cover current operating requirements.

White: My hope is that some of what we resolve here gets incorporated into the RTO. They are on a much quicker schedule. I would hate to miss opportunities or have to take up the same topics someplace else.

McFarland: Yes, we don't want to duplicate or have a counter-productive effort.

Opatrny: Is Sept. 2003 a hard deadline? What if we're making good progress on the deadline? There are new issues? FERC does something crazy?

McFarland: Sept. 2003 is what was identified in the settlement. We're obligated to do this until then, but that doesn't mean we have to stop at that time.

Cathy Ehli, TBL: We're looking for ways to enhance and improve our business practices and have established a number of means to communicate through this process.

1. Our primary means is a designated web site: We will post all information regarding this Business Practices Forum at <http://www2.transmission.bpa.gov/business/techforum.cfm>.
2. We will take notes and post them to this web site. We ask for your comments on these notes to ensure we capture correctly what you say.
3. We'll use e-mail exploders when there are updates/new information.
4. After and in between meetings -- every two weeks -- we'll post the status of what we've done with your information, how we're progressing and who in TBL is the responsible person.
5. You can e-mail any one of us as individuals with your comments (McFarland, Ehli, Harris-Proctor).

Sean Egusa, TBL Political Strategy and Public Affairs: Many of you subscribe to OASIS e-mail notification lists. This is separate. So, make sure you give us your e-mail address, or send it to Linda Harris-Proctor.

TBL initial understanding of issues identified in rate case settlement:

See "Attachment 5 -- Business Practices and Systems Forum" from the Rate Case Settlement Agreement on the TBL forum web site at <http://www2.transmission.bpa.gov/business/TechForum/12-10-02%20Attachment%205%20Settlement%20Agmt.pdf>, and "Summary of Rate Case Settlement Issues for Discussion" at <http://www2.transmission.bpa.gov/business/techforum/settlement%20issues.pdf>.

Operating Reserves, Dave Gilman, TBL expert (additional experts are Lorie Hoffman, Warren McReynolds)

Operating Reserve Issues (based on what the TBL understands customers issues to be):

- 150 MW floor on self-supply
- One supplier per transmission customer
- Allowing generators in the Control Area to self-supply or buy Operating Reserves so that the transmission customers would not be charged
- Multiple charges should not be applied to "L" shaped schedules (generators being charged for the same amount of reserves)
- Develop procedures to allow interruptible exports so operating reserves would not be charged

(For more information regarding Operating Reserves, see slides two and three, "Operating Reserves Basics" and "Operating Reserve Requirements and Charges" at <http://www2.transmission.bpa.gov/business/TechForum/TechForum%20Backgrounders.pdf>).

Curtailments, John Anasis, TBL expert

Curtailment Issues (based on what the TBL understands customers issues to be):

- Should mid-hour curtailments be pro rata based on the current schedule or the contract demand? TBL current practice is to prorate based on schedules for mid-hour curtailments. Future schedules are prorated based on demands. Anasis says that curtailments is a relatively narrow topic.

Real Power Losses, Shirley Buckmier, TBL expert

Real Power Loss Issues (based on what the TBL understands customers issues to be):

- Enable all customers to make concurrent loss returns. Buckmier says the TBL automation team is currently considering the issue and she expects a proposed solution soon.
- Give customers the option of financial settlement of losses
- Enable customers to have more than one loss provider
- Change the frequency that customers may change loss providers. Buckmier says customers can change twice now on OASIS, within given parameters.
- For PBL purchase with losses bundled in the price, allow the ability to have a loss provider other than the PBL.

Scheduling Practices, Lorie Hoffman, TBL expert

TBL is unclear about customers' issues regarding Scheduling Practices. Issues could include wind scheduling, but for others, we look forward to hearing what customers say.

Defining customer issues

Operating Reserves

Opatrny: PowerEx has been most vocal about operating reserves. Dave Gilman laid the issues out correctly, so our issues are on your list. Many of these operating reserve issues can be handled on a simultaneous basis with IT, scheduling and operating folks.

Tom Foley, independent contractor representing Renewables Northwest Project: We sent our comments to Bonneville. Are they posted someplace?

McFarland: We'll post all our notes and the comments sent to us, as well.

Steve Lincoln, TransAlta: We want the ability to split self-supply -- spinning and supplemental reserves.

Jerry Thale, Portland General Electric: We want the ability to make hourly changes to schedules if the utility changes.

Example: PGE sells Coalstrip power in Montana and we want to look into the possibility to self-supply if it trips off and to use our own supply. Montana doesn't have the reserves, but we do from Portland. Do it in the hour schedule and then change to Montana on BPA transmission. That's when outside the normal scheduling window. If it's done 20 minutes before the hour, we can do it; otherwise not. Basically, supply from the PGE system rather than the BPA system -- a scheduling issue. Now there is no ability to do it at all.

Opatrny:

Example: Purchase non-firm energy in the BPA control area and we supply the reserves 100%. We want to supply reserves in British Columbia without paying

reserves to TBL. The thought it would be interruptible is a possibility. So, we want to supply the reserves in a neighboring control area. Is this a tagging issue? A reliability issue? A communications issue between BPA and BC?

Scott Brattebo, PacifiCorp: This is for service to loads outside the BPA control area but the generator resides within the BPA control area. Carol suggests they supply 100% reserves and declare the schedule interruptible. Centralia is an example of exporting outside the BPA control area.

Metcalf: That requires that the receiving control area has procedures for this established with BPA.

Gilman: How do you declare interruptible if you don't know where the generation comes from?

Lyn Aspaas, PBL: "Interruptible" is the definition we need to work through.

Opatrny: A lot of what we have to work through is definitional. A good way to do this is through small work groups that bring back proposals to the larger group. That's a very effective way to deal with this and other issues on the list.

McFarland: We'll identify you (Carol) as an interested party on this one.

Mary Ann Dalton, TBL: The first issue (150 MW floor on self-supply) is really a Slice customer issue and they aren't here today. We should coordinate this with our Slice customers.

Metcalf: If we sell firm power from the BPA control area on nonfirm transmission to California, we require operating reserves, as does the California Independent System Operator (CISO). That seems appropriate. Maybe this is a seams issue.

Mark Smith, FPL Energy: That issue has come up, how the CISO treats interruptible imports. The issue needs to be fully explored, but we need to involve the WECC (Western Electricity Coordinating Council, once known as the Western Systems Coordinating Council) subcommittee.

Bob Schwermann, Sacramento Municipal Utility District (SMUD): The subject is out for comment on the WECC web site at <http://www.wecc.biz/main.html>, including the definition for "firm." If you bring up the topic now, you may step on others' toes. I suggest you wait to see what they do.

Buckmier: We are involved in that deliberation. Bob Hershberger, TBL, is a member of that ISAS group (Interchange Scheduling and Accounting Subcommittee). It deals with proposed changes at a higher level. All marketers also have representation.

Gilman: We allow for in control area operating reserves, i.e. allow for generator to buy from BPA and sell to a transmission customer so the transmission customer does not have to buy the operating reserves.

Opatrny: I think we raised the issue in the settlement. We don't always know what generator provides the power. After the fact, it's a nightmare to determine who provided the reserves. If it is a firm transaction, some times the generator is not able to provide reserves within the BPA control area. It's a sorting out problem: who is responsible for covering those reserves? It's in conflict with the business practice that says the customer pays for the reserves.

Gilman: We assume that "L-shaped" schedules are not double charged. We have a procedure that tries to only charge once. If you go into the NW hub and come back out again, there are no reserve charges for scheduling out of the hub, only to schedule into the hub. We can't determine where it came from, anyway.

Rick Paschell, PNGC: We are really concerned there is a double charge. The business practice is ambiguous.

McFarland: If we have to add or revise a business practice, we'll work on it.

Curtailments

Brattebo: We want BPA to clarify how it currently curtails. Brattebo specifically pointed to the curtailment procedures across the interties by BPA and the CISO.

Anasis: There are some issues with the interties that BPA Scheduling is trying to work out with the CISO. There is some degree of counter-scheduling we are trying to normalize.

Brattebo: Schedules ought to be cut based on contract rights.

Opatrny: When you curtail in real time because it is based on schedules, are firm schedules being curtailed in a compatible manner as non-firm schedules? That's not true? she said in response to a TBL expert. So, non-firm is curtailed first?

Metcalf: For other transmission providers, what is your practice for curtailments?

Brattebo: I've been told we do it by contract rights (PacifiCorp).

Aspaas: Will we see two different curtailment procedures at the borders?

Gloria Carter, TBL: No, but the WECC process could come up with a different curtailment plan.

Aspaas: To the extent it is different, could you document it?

White: The needs of TBL customers need to be heard. We know we may have similar rules as the CISO, but we may have different needs. All our rules don't have to be like the CISO.

Schwermann: Different curtailment procedures could lead to confusion and business practices should minimize confusion. When working in the larger world, you want to minimize seams issues, not make them worse.

Carter: Our whole effort is to minimize seams issues through this collective effort. A global plan helps.

Egusa: Is it possible to bring this discussion to WECC?

Schwermann: WECC will release a draft for comment in February. That will be the time to comment. Send an e-mail to Schwermann with further comments (bschwer@smud.org).

McFarland: Should curtailments, then, be the first topic we tackle?

Schwermann: Actual curtailment issues are being discussed in a real time forum, which I'm not a part of.

Carter: The core issue they are addressing is double cutting. I'm not on that committee. We've rewritten existing procedures on OASIS because the procedures on OASIS now don't seem to stop double cutting. We have come up with some initial procedures.

Buckmier: We will post the members of the real time subcommittee on the web.

Dave Mills, Puget Sound Energy: I'm not sure what the deliverables are in other forums. Will you list the forums, their issues and their timelines?

McFarland: For you involved in other forums and processes, please send the information via e-mail to Cathy Ehli or myself. We'll do our best to report on activities that we are aware of.

Real Power Losses

Opatrny: We raised this issue. This has to do with the transmission customer having more than one loss provider. Our issue goes to the frequency of the loss provider and the issue of providing on a schedule by schedule basis.

Buckmier: Within a calendar year you can change loss provider twice with a 60-day notice to your TBL account executive.

Opatrny: We'd like to explore how much more frequency is possible.

Buckmier: Do you really want concurrent losses?

Opatrny: A reconciliation of losses. We come up with something different than the TBL and would like a clarification.

Buckmier: Our legacy system has been manually maintained. Six months ago we began having a contractor make inputs daily. Before that it was not every day, so some were not caught in the calculation of losses. We're doing an inventory to make sure all are in the current wheeling database. As we go through the inventory, we will contact other customers. Now, we send the database to customers who want it. Some get it daily, some at the end of the month, some choose not to get it all.

Brent Guyer, Avista: Is there a way to get it electronically?

Buckmier: As we move forward with the automation, the first thing on our list is an e-mail list. Now, the information is available on Customer Web Interface (CWI). If you pull losses off, let me know. They are on the CWI five days forward.

Hoffman: If individual customers have specific problems with losses now, they can contact us and we'll work on them.

Steve Kern, PUC (he didn't identify state): Need a definition of concurrent.

Buckmier: If you sell 100 MW to BPA, losses are now calculated at 1.9%, so you have to send 102 MW.

Kern: Is there anyone here who doesn't want to financially settle losses?

Brattebo: We're not interested solely in the financial. Also interested in options.

Kern: I urge you to consider the economic costs of those options.

Buckmier: I suggest you contact FERC and tell them you'd like to see that.

Hoffman: We wouldn't mind helping with that.

McFarland: We should consider ways we can come up with a FERC solution to this.

Scheduling Practices/Procedures

McFarland: This is generally a broad area, but one issue identified in the rate case settlement had to do with scheduling wind resources.

Brattebo: We have two issues for the list:

1. The practice of passive approval of TAGs. If not actively approved by all parties, BPA denies a TAG. With FERC, silence is deemed acceptable. If no one objects, the TAG is approved.
2. A transmitting party, like PacifiCorp, is being inadvertently included in a TAG and not given the opportunity to approve or disapprove its inclusion. This happens when a customer goes across BPA transmission, but the request doesn't originate within the BPA control area.

Hoffman: We need a clarification if this is in real time or in advance. We'll also need an example.

Buckmier: Are you on the power or the transmission side? If you see a tag that you don't want, you need to contact the person within your company who can approve or deny it.

Brattebo: Our merchant side told me this.

Hoffman: We should expand our future discussions to talk about BPA tagging practices.

Smith: Both with the generation imbalance case and with the recent rate case settlement, we've learned a lot about the BPA scheduling system and BPA has learned a lot about the wind industry and its differences in scheduling. Not all issues need to be addressed by this large group, such as:

- Different or alternative ways to schedule wind
- Identifying the cost of integrating wind resources and advantages to accurately preschedule wind
- Conclude in some kind of pilot project that tests whether BPA scheduling practices are in step with wind needs and with FERC's Standard Market Design (draft).

FERC proposed a method of scheduling similar to what they approved for the CISO. It involves tying wind generation schedules to a forecasting model. The energy flows through the system, is deemed delivered, settled monthly, not hourly, while removing incentives to manipulate schedules.

Dave Glenn, PPM: This will take more work and a different forum to address this.

Brattebo: Another issue is if want to make real time schedule and ATC is available, but don't have an account, can't make the schedule after hours. There is no one to help and there are no dummy accounts.

Kern: BPA said it was caused by a staffing limitation. We need a clear message on the rule. BPA should not stand in the way of commercial business transactions. Could use a special or dummy account to complete a transaction after hours or on the weekend until the account can be settled the next business day.

Hoffman: We've heard this from Slice customers. I'm open to continuing discussions. For now, our specific business hours are posted on OASIS. We don't have people 24-hours a day. At times, we have called people in to do this, but it's a matter of frequency. We need to know if this is a driver in the marketplace.

Brattebo: Someplace in between, like a dummy account, would do it.

Hoffman: We call them "like accounts."

Opatrny: We have schedule related issues I sent to you via e-mail, which include:

- Accounts issue: TBL eliminates inactive accounts
- OASIS does not reflect long-term commitments
- Want to see changes in schedule windows to purchase firm capacity in advance of hourly
- Want to see contract demand limits in the scheduling program to help us avoid going beyond the limit
- Would like a reconciliation process in terms of billing
- The settlement did trigger some changes to the TBL information, scheduling and billing systems. We hope those changes are made early enough to meet the October 2003 deadline.

Anasis: An additional topic under scheduling is scheduling practices. The issue of internally constrained paths and managing those paths for curtailment purposes, especially in the short-term environment and real time as we get into the high schedule season. We have automation tools we still need to spec out.

Demetrios Fotiou, PowerEx: In the California supplemental market, some can put in or take out schedules on the hour. If you do that for some, have to do it for all.

McFarland: One item not on our scheduling list is firm redirects. We've committed to implementing this by October and we're on schedule for that. Our intention is to have preliminary tests in March. Someone said that should be included and so now it is on our list. We'll post progress on our web site. Firm redirect is an opportunity for parties with firm service to redirect point of receipt or delivery to other points. Our existing practice is a minimum of a year between changes. We're working on the ability to do it more often.

Anasis: We're working on short-term redirect and will have specifications by the end of December, with coding later (spring). These are modifications to the bumping market codes.

McFarland: Especially if there are multiple redirects at the same time.

Future processes

Issues identified during the Business Practices Technical Forum:

- Operating reserves
- Real Power losses
- Wind scheduling
- Scheduling (non-wind)
- Curtailments

Opatrny: Suggest you let us sign up for particular issues and you (TBL) make sure we're scheduled on different days. If someone has to go to multiple meetings, you make sure the meetings are sequenced so that's possible. Also, evaluate all the topics. If can't do all in parallel, then you may need to sequence the issues. Our (PowerEx) most important issue is operating reserves.

McFarland: We want to respond to your needs. If you want us to do operating reserves first, we'll figure out a way to go there.

Larry Feltman, Okanogan PUD: I suggest some cross-fertilization among groups and each committee reports out so we can all keep up.

Glenn: PPM wants wind scheduling first. Suggest that all issue groups meet within the next 45 to 60 days, assess where they're at and where to go. We all have different priorities.

McFarland: Having some activity going on in all issue areas is a good idea. We'll need input from you who does what. What is your core issue?

Hoffman: A number of people could not make it today and we need some way for them to sign up, too.

McFarland: We'll initiate activity here, but get a notice out to everyone.

Egusa: We are creating five workgroups simultaneously. We need to determine a chair for each group. Plus, we want to leverage the web site.

Feltman: It's more appropriate for committee members to nominate their own chair.

Hoffman: But, a BPA person could organize the first meeting for each group.

McFarland: The next general meeting will be the first part of February. Work groups will meet between now and then.

Selby: We could base when we meet next on the progress of the work groups.

White: My preference is to set the meeting date and work towards progress.

Opatrny: Would TBL be willing to help us find meeting space?

McFarland: Yes, for the first go-around. We're not requiring the meetings are in Portland or Vancouver, but if we have people on multiple committees, we need to account for that.

Greg Rosen, on phone (name not certain and company unknown): Please have conference ability when setting up all the meetings. This conference line has been excellent.

Transmission Marketing Systems Overview

Dennis Stevens, TBL electrical engineer: I want to give you an idea of where we are from a systems standpoint and outline for you what we need as systems people to be successful. (This presentation is available on the forum web site at <http://www2.transmission.bpa.gov/business/techforum/techforum%20systems%20overview.pdf>.)

We started with RODS in 1972, a huge system on a mainframe. Many functions are still with RODS. Ten years ago we had a SCADA upgrade project and migrated transmission dispatching out of RODS and began to pull off other pieces, including next year a majority of our scheduling functions. I liken this work to changing a tire while the car is traveling 60 mph.

We're continuing to catalogue RODS so we're certain to take other systems out. One of the things we will do is to come up with a better architecture for the future system. So we're migrating systems off of RODS, while at the same time we're trying to create a more efficient architecture. **Note:** the diagrams on pages 3 and 4 of the presentation are simplified and do not include all systems.

Much of the hardware also has to be replaced because it's difficult to run new software on old systems. It's a matter of functionality. We need to respond to the changing utility market and we can't do it with the old system.

From a systems standpoint, we know we're successful if:

- We satisfy user needs
- Deliver the system on time.
- Deliver the system within budget
- Deliver quality systems

Factors for success are:

- At the top of the list is user involvement
- Clear statement of requirements
- Manage changing requirements

- Executive support
- Realistic expectations

Realistic expectations are important. You may have to resolve an issue by September, but I need to know well in advance of October 1. We can do virtually anything with systems, but we need sufficient lead-time to build it into our systems.

Results from the Chaos Report by the Standish Group about s failures of systems projects found that 53% of projects ended being impaired, 21% were canceled and 16% were completed on time and on budget.

In 2002, we expect to bring on two to three major systems we've been working on for 3 years, including:

- The billing system: includes resolution of bills after the fact and deliver bills in a timely fashion
- An ancillary services calculation function
- Scheduling system

In 2003, we won't bring on any major new system, but instead will ensure the systems will work that we brought on in 2002.

McFarland: Many of the systems priorities are already set, but some issues we will discuss will have systems implications. We need to take your input to help us set priorities. If customer priorities differ, we need to take that back to BPA. It doesn't mean that other projects won't get done, just that we may need to fit more in.

Stevens: Transmission marketing wants to engage in this process, so we will have systems people at these meetings.

Hoffman: I hope to get from customers and their IT people what they are going to bring on line. Will customers have IT issues: timing, restrictions, budget limitations, etc? It may affect our development, too.

Kern: According to your statistics, you have a 16% chance of success. The PBL system came in at five times the estimated cost, was not on schedule and only meets 20% of requirements. With Administrator Steve Wright announcing BPA's financial situation, you must continue to evaluate whether you need all these systems.

Stevens: We did a cost/benefit analysis earlier, but haven't gone back again to reevaluate the existing systems. The projects are capitalized out several years and if we cancel, it would be a significant cost. We have tried to do a business case for each system.

Kern: Do you track how much over and under budget you are and whether you are on time?

Stevens: Yes, but I'm only speaking for transmission.

Selby: We are looking at all systems and projects, including looking at efficiencies at the agency level. That's also one reason we brought all of you together here: it is because we think we can gain efficiencies out of this process.

Stevens: A lot of studies have been done -- more on the government side -- that show if you spend one dollar up front correcting a problem in the requirements phase it will save \$1,000 in the operations stage. So, we can save money by engaging users early in the process. It's expensive to fix a problem late in the process.

Feltman: You may want a sixth group that deals with IT issues or does having an IT person at each meeting take care of that?

Wrap-up

McFarland: The solutions we work towards need to be realistic, not those that lead us to failure.

Selby: We had a number of lessons learned out of our last rate case. Some things turned out to be bigger than we realized because we hadn't worked toward early involvement. As the five teams form, we will use these same principles (see Stevens) so we can deliver on our intentions. It's good to get these issues out on the table. As we work through this, we will be mindful of costs and realistic solutions.

McFarland: The continuation of this kind of discussion will help us all. I emphasize that all are welcome. However, when we are talking about technical issues, we will need to have your technical experts present.

Ehli:

- We will use the web as our primary means of communication.
- Please send comments to McFarland or to Ehli.
- We'll have a status report every two weeks.
- We'll post on the web the subgroups and a notice for others to sign up.
- TBL folks will initiate the first meetings for each group.
- We'll send out by e-mail and post to the web the date for the next meeting.
- If your issues are long and detailed, tell us so your concerns are accurately documented.

McFarland: Please provide input about whether we are working in the direction that will help resolve the issues you have.

Ehli: A lot of us are optimistic that this is a step in the right direction.

Meeting was concluded at 4:10 p.m.